

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re: :
THE FASHION EXCHANGE, LLC, :
Plaintiff, : Docket #14cv1254
- against - : 1:14-cv-01254-SHS-OTW
HYBRID PROMOTIONS, LLC, : New York, New York
Defendant. : November 17, 2017
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PROCEEDINGS BEFORE
THE HONORABLE SIDNEY STEIN
UNITED STATES DISTRICT COURT JUDGE

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THE COURT: All right. Go ahead.

MR. ZARIN: And they are -- I'll just recite them briefly. Strength of the marks, similarity of the marks --

THE COURT: You talking about Polaroid?

MR. ZARIN: Yeah, Polaroid.

THE COURT: Got it. Next?

MR. ZARIN: My point is that a number of those factors, namely the proximity of the products in the marketplace, whether there has been actual confusion, whether there's a bridging of the gap, whether the defendants acted in good faith and --

THE COURT: You're going through the factors. I understand the factors.

MR. ZARIN: Okay. Those factors require discovery of the retailer defendants. They require documentary evidence to be produced. They require deposition to be taken based upon that documentary evidence. So unless plaintiffs can take that discovery, there can't be a --

THE COURT: But isn't a lot of that going to be in the hands of the primary defendants, one, and, two, you don't need to question all 31 defendants for that. It seems to me, first of all, we could take a sample.

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2 Secondly, we could narrow the requests. You don't give me
3 a comfort by -- it's been a while, but my recollection is
4 when I stayed discovery it was because of the breadth of
5 your original requests to these retailers.

6 MR. ZARIN: Well, to -- to --

7 THE COURT: In other words, it certainly
8 supported the view of the defendants, that you were out to
9 cause the retailers a fair amount of trouble for very
10 little, very little gain for the plaintiffs.

11 MR. ZARIN: Well I don't believe that's so but,
12 you know, that's a matter of judgment Your Honor can make.
13 But with respect to your two points, the first point is --
14 that he made was that there is a, you know, it could be a
15 sample. Well there's -- what the Court seems to be saying
16 is that we can take -- it's true that some of their
17 discovery would be in the hands of the primary defendants
18 Hybrid Promotions. But that discovery may or may not be
19 biased.

20 In other words, it may be contradicted by this
21 evidence that's in the possession of the retailer
22 defendants, either testimonial evidence or documentary
23 evidence. So it's only fair to plaintiffs that they'd be
24 able take the discovery of the retailer defendants to see
25 whether there's any contradiction between what those

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2 retailers say or the documents that they produce, and the
3 evidence that the primary defendants produce. I mean,
4 that's largely at trial, you know, at any trial, there's
5 the right of one party to introduce evidence that
6 contradicts evidence that's produced by the other party.
7 And if here, if only retailer -- only the primarily
8 defendants are permitted to produce evidence, then we as
9 the plaintiffs will have no ability to mostly likely to
10 contradict that evidence with other evidence.

11 THE COURT: I'm not saying -- I'm not taking
12 the position that the only evidence you're going to get is
13 against the primary -- is by asking questions for the
14 primary defendants. But some of the answers you're
15 seeking are going to be in the hands of the primary
16 defendant. And more importantly, I guess, is that I
17 really don't understand the value of your deposing and
18 asking voluminous document demands against 31 of the --
19 including the largest retailers in the United States.

20 MR. ZARIN: Well with respect to depositions, I
21 can't know what depositions I need to take until I receive
22 documents. With respect to documents, for example, actual
23 confusion. Actual confusion is, you know, whether or not
24 there was any evidence that somebody, a consumer, was
25 confused into believing that the plaintiff's product was

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the defendant's product.

Now, it is entirely possible, in fact it's probable, that the primary defendants Hybrid Promotions will not have that evidence. That if a consumer complained or a purchaser complained, they would be complaining to the retailer. So unless I request every single retailer to produce documents related to actual confusion, I can't know whether there was any actual confusion. If I take, for example, the evidence from 10 of those retailers, but not 31 of those retailers, it may be that those 10 did not receive any complaints or where there was no confusion. But the other 1 or 2 or 10 of the other 21 might have. And I can't --

THE COURT: What about -- so your having the ability to take a representative sample or a selected sample that you and the defendant get together and choose? I'm going to give you full opportunity; I always have.

MR. ROSENBERG: Okay. I just want to correct something for Your Honor.

THE COURT: Yes.

MR. ROSENBERG: In the first phase of the case there was discovery of actual confusion that Mr. Zarin and the plaintiff served document requests and interrogatories on this very issue. That was one of the limited issues,

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that discovery gets all 31 retailers were permitted to go forward.

THE COURT: And did I allow there to be responses to that?

MR. ROSENBERG: Yes.

THE COURT: There was a stay at some point.

MR. ROSENBERG: Yes, we responded to interrogatories and produced documents. The answer was there was none, not documents, relevant documents, were found and no one, none of the retailers was aware of any instances of actual confusion --

THE COURT: But wait just a moment. Let me make sure I understand you. Are you telling me that at the beginning of the case, the plaintiff asked document demands, sent out document demands, and you say interrogatories, is that correct?

MR. ROSENBERG: Yes, Your Honor, on these --

THE COURT: To all 31 defendants on the issue of likelihood of confusion?

MR. ROSENBERG: Actual confusion.

THE COURT: Of actual confusion, sorry.

MR. ROSENBERG: Yes, Your Honor.

THE COURT: And that you're telling me those were responded to?

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THE COURT: On actual confusion.

MR. ZARIN: On actual confusion, right.

THE COURT: And your adversary is rigorously shaking his head no. So the record will show whether, you know, what exactly is there.

MR. ROSENBERG: I can easily send Mr. Zarin some samples of interrogatory responses and document responses where those issues is addressed.

THE COURT: Please do that.

MR. ROSENBERG: Okay. But he should have them, but I'll send them when I get back to the office.

MR. ZARIN: I appreciate that. And okay, if I could make another point, though, with respect to the other likelihood of confusion factor --

THE COURT: Yes.

MR. ZARIN: -- there are other factors, such as the proximity of the products, for example. The likelihood of --

THE COURT: You mean if they're sold together is a physical proximity or proximity in marketing? What is the proximity?

MR. ZARIN: Proximity means the proximity in the marketing -- in the venues that they're sold in and proximity of the products of themselves. In other words -

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THE COURT: On the shelves.

MR. ZARIN: No, not physical proximity, meaning on the shelves.

THE COURT: All right.

MR. ZARIN: But meaning the types of products meaning, you know, if my clients sold T-shirts and defendants sold pants, you know, how likely is it that one of the -- either the plaintiff or defendant will leap to start to sell the other type of products or similar types of products.

Now in order to determine if that's the case with respect to retailer defendants, I need to make requests and find out whether retailer defendants intend to sell the same products as plaintiff is selling. And it's true that primary defendants, meaning Hybrid Promotions, can tell me that, can tell plaintiffs that, except why would I -- they -- it's in their interest to be not forthcoming in this respect. And so to find out the truth, I would need to propound document requests with respect to the sales of the specific products that were made by each of the retailer defendants or else I don't know that. So again, taking a sample --

THE COURT: They would know what their sales

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were to each of the retailer defendants.

MR. ZARIN: Again, I believe that plaintiffs are entitled to gather evidence from all the defendants, the retailer defendants and primary defendants, to know whether the evidence that the primary defendants will be producing is in fact correct, or whether they're withholding documents, or being in some other way not scrupulously truthful.

THE COURT: Okay. What about what I was thinking of, and that is rather than go to 31 of the largest retailers in the United States, a limited number of document demands and interrogatories to eliminate the number of retailer defendants, a sampling process or a random.

MR. ZARIN: I understand, Your Honor. Again, I think that the problem is the same. If the random sample is to 10 of 31 and those 10, you know, the documents produced by those 10 of 31 are in sync with the documents produced by the primary defendants, that will support the primary defendant's allegations. But it may be that the other 21 retailer defendants have contradictory documents, and we won't know that.

THE COURT: Yes, but there's such a thing as proportionality under the new rules.

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MR. ZARIN: Well it's proportionality of any given defendant. In other words, you know, it may be --

THE COURT: No, there are plenty of cases that it can be proportionality between defendants as well. What about -- and I'm trying to get a consensus here, which I think is a full Zarin, but I'm trying something along the lines of you get to select, or the two of you get to choose, which of the retailer defendants the discovery will go against.

MR. ZARIN: Again, I would object on the ground that it's going to, it's potentially going to leave out and prevent discovery of conceivably contradictory evidence from retailer defendants but --

THE COURT: No, no, we're only talking about discovery at this point, although the discovery from retailer defendants.

MR. ZARIN: No, I'm saying they could leave out -- if --

THE COURT: Well if there are stones unturned, yes. But in the context of this case, and 31 retailer defendants, look. What you did, is you named every major retailer in the United States and some I didn't even know about. I don't know that there was a basis for doing so and I'm concerned about that. So what I'm trying to do is

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2 reverse the burden on those entities to try and find a way
3 through that will give you what you need without letting
4 you tie up people in the types of discovery that I
5 remembered initially, which I thought were overbroad.

6 MR. ZARIN: Well I'm not sure, Your Honor, how
7 much of a burden it is on these defendants. I mean if
8 it's in fact the case, as defendant's counsel alleges,
9 that there are not such documents which, you know, are
10 responsive then it's not burdensome. You know, but --

11 THE COURT: No, but if now understand what both
12 of you were telling me a few moments ago, the only
13 discovery that went forward went to actual confusion. I
14 think that's what Mr. Rosenberg was saying, it was the
15 answer to that, that Mr. Rosenberg I think was saying
16 there were no documents. Isn't that right, Mr. Rosenberg?

17 MR. ROSENBERG: Yes, Your Honor.

18 THE COURT: He wasn't speaking to what I now am
19 told were document demands that did not go forward.

20 MR. ROSENBERG: Through.

21 THE COURT: So in other words, I guess what I'm
22 saying in a convoluted fashion or perhaps confusing
23 fashion, is that there may be documents that go to the
24 other Polaroid factors. It's not that he's saying there
25 are no documents, period.

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2 MR. ZARIN: Yes, and I agree. There may very
3 well be documents that go to the other Polaroid factors.
4 But my point is that if we choose a random sample of
5 retailer defendants, let's say 10 out of 31, and the other
6 21 have some documents, but the 10 that we choose do not,
7 then --

8 THE COURT: That's why that may be -- that'll
9 be ameliorated by either you choosing a certain number or
10 the two of you getting together, and again hope springs
11 eternal. But perhaps you can agree on a selection. I
12 think what you're telling me, Mr. Zarin, and I hope I'm
13 not backing you into this position. I need to hear that
14 it is your position. You want full discovery against 31
15 of the largest retailer defendants in the United States.

16 MR. ZARIN: I would like that, Your Honor, but
17 I'm also telling you that --

18 THE COURT: In the context of a case where some
19 of the claims of your client are difficult, but that'll be
20 up to a jury.

21 MR. ZARIN: I am saying that, Your Honor, but
22 what I'm also saying is that I don't believe that the
23 discovery that's necessary relating to likelihood of
24 confusion is burdensome, is unduly burdensome, on these
25 retailers.

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2 THE COURT: Okay. I think I now understand
3 your position. The position, Mr. Rosenberg, of Mr. Zarin
4 as he wants to depose and ask document demands of the 31
5 retailer defendants, and he thinks anything less than that
6 would not be appropriate.

7 MR. ZARIN: Well let me make a proposal, and
8 this is just off the top of my head right now. What I
9 would -- if plaintiffs can propound all the document
10 requests that they'd already propounded. I mean, their
11 responses are due shortly, to all the retailer defendants
12 --

13 THE COURT: Is this a new set? You said the
14 responses are due shortly. I don't have --

15 MR. ZARIN: No, you don't.

16 THE COURT: -- new document demands.

17 MR. ZARIN: No.

18 THE COURT: Hand them up.

19 MR. ZARIN: They're just to the retailer
20 defendants, not to the primary defendants, which I
21 propounded another set to.

22 THE COURT: You're saying there's another set
23 to the primary defendants?

24 MR. ZARIN: Yes.

25 THE COURT: Okay. Let me take a look at it.

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2 Old Navy, Lord & Taylor, JCPenney, BJ's, Walmart, Kohl's,
3 Macy's, Dillard's, Nordstrom, Sears, Marshalls, Dollar
4 General, Target. I don't think you left out anybody.
5 Maybe that was purposeful. Let me look. Foot Locker,
6 Forever 21, Gap. No, I'm just not going to allow this.
7 JCPenney, Lord & Taylor, BJ's. I think I mentioned BJ's
8 and Walmart and Kohl's and Macy's. Urban Outfitters.
9 Well the first date actually looks like they're the same
10 document demand but just for different trademarks. Is
11 that what you were doing?

12 MR. ZARIN: Yes, there are different
13 trademarks.

14 THE COURT: It could've been simplified.

15 MR. ZARIN: Well if I could just speak to that
16 issue --

17 THE COURT: No, let me finish reading. You're
18 really making it look much larger than it is by separating
19 out each mark into a separate question.

20 MR. ZARIN: I did that, but it's important for
21 a reason I'll explain, Your Honor, if you want me to.

22 (Pause in proceeding on the record.)

23 THE COURT: All right. Go ahead.

24 MR. ZARIN: Okay, Your Honor. You bring up a
25 very important point which is the different trademarks.

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2 At the outset of this case the original complaint only
3 alleged infringement related to the trademark, defendant
4 Hybrid's trademark, Hybrid, just the word Hybrid.

5 Subsequently during discovery, late in
6 discovery, plaintiff discovered that there were other
7 trademarks that defendant was selling under, too. Those
8 trademarks are as you see in the document requests --
9 Hybrid Ts, Hybrid Apparel and Hybrid Gems. Now I moved, I
10 think with the consent of defendants, to add those claims
11 related to those other three trademarks as well, and no
12 discovery related to any likelihood of confusion factor,
13 including actual confusion, was conducted related to those
14 other three trademarks. So these new document requests
15 that I have propounded, both with respect to primary
16 defendants and retailer defendants, request documents
17 relating to any possible actual confusion and related to
18 the other Polaroid factors with respect to these other
19 three trademarks.

20 So to the extent that previously we had been
21 talking about there being past document requests that
22 related to actual confusion, to the extent that was true,
23 it was only related to the Hybrid trademark and not Hybrid
24 Ts, Hybrid Apparel and Hybrid Gems. So that's the point I
25 would make with respect to that.

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Now if I could just go a little bit further and say I understand the Court's concern about voluminous discovery against retailer defendants. I disagree with that, but I understand it.

THE COURT: And it's also not as if you're asking it against John's Department Store. You're asking it against Old Navy, or JCPenney or BJ's. Presumably, they have to search hundreds if not more locations for all this information.

MR. ZARIN: Well I don't know where they'd have to search. Defendants would have more knowledge of that than I would. But what I was going to say is in order to limit that to some extent, limit the possibility of that being a burden on the retailer defendants, which I don't think there is. But if the Court were to believe that to be the case, I would propose rather than a random sample of defendants, I would -- retailer defendants -- to propound discovery against, I would propose that plaintiffs be able to propound discovery requests, as they already have, as Your Honor sees in front of you, against document requests and interrogatories to all retailers.

And once we receive the responses to the document requests, to the extent that there are documents produced by any of the retailers, plaintiffs be permitted

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2 to take depositions of those particular retailers. And if
3 there are no documents responsive to the relevant document
4 requests to any given retailer, then plaintiffs under
5 those circumstances not be permitted to take depositions
6 of those retailers because there would be no cause to do
7 so. So that would limit significantly the number of
8 depositions and the amount of discovery against the
9 retailer defendants.

10 THE COURT: I'm not sure I understand that
11 because, for example, the number of your series in the 30s
12 are documents limited to purchase orders and invoices that
13 reflect the costs incurred. If any of them sold any of
14 the products they'd have responsive, they'd have things
15 responsive to those. And then under your theory, you'd be
16 taking their depositions.

17 MR. ZARIN: Well that raises another issue,
18 Your Honor, and that is those document requests relate to
19 two things. They relate to damages, number one. And
20 number two, they relate to the Polaroid factor of strength
21 of the mark. And if they relate to strength of the mark,
22 because the strength of the mark depends upon the volume
23 of sales.

24 And so to the extent that those documents, they
25 are relevant documents. I would be willing to allow those

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2 documents with respect to sales to each of the retailer
3 defendants to be produced by only primary defendants,
4 because it's in their best interest to produce documents
5 which suggest a higher volume rather than a lower volume.
6 So, you know, the incentive is for them to be honest with
7 respect to that factor, but not necessarily with respect
8 to the other ones. So that would eliminate that issue
9 that Your Honor is talking about.

10 THE COURT: For what category of questions?
11 Actual sales.

12 MR. ZARIN: For actual sales, yeah.

13 THE COURT: Then why do you say that it's in
14 the primary defendant's interest to keep those numbers
15 high?

16 MR. ZARIN: Because in order for a trademark to
17 be strong, the more sales there are the stronger is a mark
18 is. So it's in primary defendant's --

19 THE COURT: No, I understand. I understand.
20 All right. Let me hear from the defendants.

21 MR. ROSENBERG: Your Honor, I --

22 THE COURT: I must say one thing that
23 ameliorates the position that I've been taking, taking as
24 you represent off of the defendants, both the primary and
25 the retailers, so you are able to assist them in

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2 responding to these -- to any discovery demands that go
3 out.

4 MR. ROSENBERG: Correct. Ideally, I believe
5 there's no discovery necessary on any of the retailers at
6 this point. That Mr. Zarin said that -- yes, I agree that
7 the initial discovery -- let's go back. To the issue of
8 actual confusion, yes, the initial discovery responses
9 were limited to the Hybrid mark. However, the information
10 provided was not limited to the Hybrid mark. It was any
11 product sold by my client. So, you know, we could -- that
12 is not an issue. They search for any confusion. There
13 was no confusion between the two parties, end of story on
14 that issue.

15 The information that the plaintiff is seeking
16 from the retailers really is not necessary for the issue
17 of a likelihood of confusion analysis. Hybrid has all the
18 information in its possession, custody and control than it
19 is necessary here. It knows its demographics, it knows
20 its sales, it knows its channels of trade.

21 The plaintiff's position here is based on the
22 supposition that the primary defendants are either going
23 to make improper document -- destroy documents, not
24 produce documents, or provide false testimony. But
25 there's Rule 11, there's Rules 37 to course inherent power

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2 to sanction if that happens. We don't need to bother 31
3 retailers on the off chance that Mr. Zarin believes that
4 my client may lie.

5 THE COURT: So what is it that -- what areas do
6 you think that your primary clients have all the
7 information?

8 MR. ROSENBERG: The sales channels, target
9 market --

10 THE COURT: Just a moment. Yes.

11 MR. ROSENBERG: Just pull out the factors, Your
12 Honor. Sales, demographics, similarity of the trademarks,
13 proximity of the products, actual confusion has been done
14 already, bridging the gap.

15 THE COURT: So you're just going through the
16 Polaroid facts.

17 MR. ROSENBERG: They have every single --

18 THE COURT: You're saying they have everything.

19 MR. ROSENBERG: They have everything. With
20 respect to advertising, which recovers some of the
21 requests, Your Honor, go back to 1999 in a case file in
22 2014, even though the statute of limitations for trademark
23 claims is six years. Advertising, the retailers don't
24 typically organize their back advertising; they're thrown
25 in boxes. So the retailers will have to go through years

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2 of advertising to pluck out the Hybrid ads in their own
3 advertising. The records are --

4 THE COURT: Well I don't know that for a fact,
5 I mean, but I understand what you're telling me.

6 MR. ROSENBERG: Having spoken to the retailers
7 about this issue, I can represent that was repeatedly told
8 to me, that the advertising in particular is disorganized.
9 The records, it's not so simple. It just, it's not a
10 simple computer run, is what I'm saying. I understand
11 Your Honor would like to allow some discovery of the
12 retailers.

13 And here's what I propose. Either a -- I think
14 five should be enough and within the 31 retailers, they
15 really -- and why they're using number five, is about five
16 types of retailers. There's discount retailers such as
17 Walmart --

18 THE COURT: Just a moment.

19 MR. ROSENBERG: And I'm using these names as
20 examples. There's multiple retailers in each of these
21 categories. So there's discount retailers, such as
22 Walmart; there's high-end retailers, such as Nordstrom;
23 There are midlevel retailers, such as Target.

24 THE COURT: Just a moment. You're saying
25 Nordstrom is high-end, is that it?

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MR. ROSENBERG: Correct.

THE COURT: And there's discount, which you're saying is Walmart. Is high-end, which you're saying Nordstrom. What else?

MR. ROSENBERG: Midlevel, such as Target; and deep-discounting -- I'm making up this term -- such as The Dollar Store; and specialty retailers, such as Spencer Gifts. That perhaps plaintiff can choose a retailer in each of these categories and take very limited discovery on certain issues from those retailers.

THE COURT: Are these recognized categories or are these Rosenberg categories?

MR. ROSENBERG: I believe other than deep-discounted -- there is a name for it. I just don't know the exact name. These are all recognized categories.

MR. ZARIN: Your Honor, if I may?

THE COURT: Yes.

MR. ZARIN: First of all, with respect to the different trademarks, as defendant's counsel has admitted, the responses -- the requests were only related to Hybrid, the trademark Hybrid, not any of the other trademarks. And he says that --

THE COURT: No, no, but we're beyond that, I think, because what we're talking about now is what

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2 discovery can be taken against how many retailers. If
3 discovery has taken place so far, I mean already, as for
4 the Hybrid mark, nobody's going to be taking that
5 discovery over again. Whatever was asked, was asked. Go
6 ahead.

7 MR. ZARIN: I know, I understand that. But I'm
8 just making the point that with respect to those other
9 three trademarks, no discovery with respect to actual --

10 THE COURT: I understand that.

11 MR. ZARIN: And, well, Mr. Rosenberg
12 represented that his clients, plural, search for, you
13 know, responsive documents related to all four trademarks.
14 And I had no indication that that's the case. There is no
15 writing --

16 THE COURT: I understand that. That can be
17 worked out. You'll either get a legal representation
18 supported under Rule 11 or not. That's -- I'm not worried
19 about that. Go ahead.

20 MR. ZARIN: With respect to the five types of
21 retailers, I don't know that that's the case, but even if
22 we assume that it is, it still does not address the issue
23 that I had raised before. Which is that a random sampling
24 is not necessarily going to catch all the contradictory
25 evidence that might be out there that --

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THE COURT: Well maybe we're using improper terms. I don't think we can get a random sample in any statistically random sense out of 31. So we're not -- I'm not talking about a statistically random sample. I'm talking about not making a federal case out of this federal case. Put in other ways, there's proportionality that I'm going to allow the discovery that's proportional to the claims here, okay?

I'm not going to have you sitting in the offices of, again, every major retailer in the United States and demanding dozens of -- categories of document demands from them, and depositions of all of them. You're going to have a selected number of them that you're going to look at. I repeat, I don't think it's statistically random but it's going to be, under the proportionality rules, an appropriate amount of discovery.

MR. ZARIN: I understand and I was only making the point again that if it's not all 31, I think it is, retailer --

THE COURT: Yes, assume it's not all 31. Go ahead.

MR. ZARIN: Then even if it were -- and again I'm just, for argument sake, I'm presenting this to the Court.

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THE COURT: Yes.

MR. ZARIN: Even if it were 30 and those 30 retailer defendants had no documents, let's say hypothetically, and the last one, the 31st retailer defendant did have documents, plaintiffs would be deprived of the right to demonstrate for example that there was a lack of proximity, let's say, of the products between the 31st and the plaintiff.

So you know, in some significant way, plaintiffs would be disadvantaged in presenting they're likelihood of confusion case if not permitted to take at least document evidence against all 31 defendants. And then again, as I said before, if there are 29 let's say, retailer defendant who produce no documents in response to the document request, then we would be willing to forego taking the depositions of those 29, and just take the depositions of the relevant people of the remaining people who did produce responsive documents. That would significantly limit the discovery, the necessity of retailer defendants to spend time through their witnesses appearing at depositions, and the amount of time that would be required remaining to take the discovery that's necessary before trial.

MR. ROSENBERG: Well but the problem is as soon

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2 as you ask for sales documents, every single retailer is
3 going to produce a document, which opens the door to 31
4 depositions.

5 MR. ZARIN: No, but I already --

6 THE COURT: Wait, wait, just one at a time. Go
7 ahead, sir.

8 MR. ROSENBERG: So that doesn't work. In fact,
9 the sales documents really are not relevant at this stage
10 of the case as to the retailers and as to the likelihood
11 of confusion. Again, I --

12 MR. ZARIN: Can I say --

13 THE COURT: Just a moment.

14 MR. ROSENBERG: What's -- Hybrid has all the
15 information as to what types of goods and to whom it's
16 sold, whether it sold T-shirts, sweatshirts, pants, jeans,
17 glasses, it knows that. It has the information. So if it
18 takes how much money the retailers made selling this
19 apparel is not relevant to the likelihood of confusion.
20 And again, as I said, sales information will trigger a
21 document response from everybody, which opens the door
22 wide open.

23 Now Mr. Zarin wants us to confirm that there was
24 no -- that there was a full search and there was no actual
25 confusion found. I'm willing to do that from all 31, as

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to actual confusion because that was asked in the beginning of the case. Under 26(e) my clients have an ongoing obligation to supplement their responses. So I don't have a problem with the actual confusion issues. But anything beyond that from the retailers is not necessary. And it's not going to accomplish anything other than inconvenience.

And that's exactly what the plaintiff wants to do. And as Your Honor recognized, is to inconvenience the retailers to put pressure on the primary defendant to settle and the retailer to settle. And that's what I'm trying to avoid, because this is simply just a litigation strategy and not an effort to really obtain evidence. Hybrid Promotions has the evidence and can produce it.

MR. ZARIN: Okay. Again, to reiterate a couple points here, with respect to actual confusion and documents, the document requests propounded by plaintiffs at the outset of the case did not request actual confusion documents related to any other trademark, other than Hybrid.

THE COURT: No, but the representation of Mr. Rosenberg is that he will produce those for you on behalf of all of his clients.

MR. ZARIN: Okay. That's fine but that was

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2 part of my document request. But with respect to Mr.
3 Rosenberg's other point, I had just indicated to the Court
4 that I would be satisfied requesting sales documents only
5 from Hybrid Promotions because those documents go to
6 strengthen of the mark, and Hybrid Promotions has the
7 incentive to produce the accurate figure. So there would
8 not be responsive documents related to sales necessary to
9 be produced by all the retailer defendants. So that is
10 not an issue.

11 So we're not talking about documents related to
12 sale, we're talking about documents related to marketing
13 activities more so.

14 MR. ROSENBERG: But every retailer engages in
15 marketing activity. It's just a vicious cycle.

16 THE COURT: Wait just a second. But I think
17 the marketing they're asking for is the marketing of the
18 particular products bearing those marks, is that right,
19 plaintiff?

20 MR. ZARIN: Correct, yes.

21 MR. ROSENBERG: And that's extremely onerous to
22 find the other --

23 THE COURT: Wait, wait, wait. Are you,
24 plaintiff, are you seeking marketing for -- marketing
25 plans for Walmart for jeans and hoodies, is that? What

1 38
2 are some of the products? Jeans and hoodies, what else?

3 MR. ZARIN: T-shirts, shorts --

4 THE COURT: T-shirts, okay. Okay. Are you
5 asking for their marketing plans for T-shirts, shorts,
6 hoodies, in general or are you asking for marketing plans
7 for T-shirts, shorts and hoodies of the marks at issue
8 here?

9 MR. ZARIN: Only the marks at issue.

10 THE COURT: That should be easier for you, Mr.
11 Rosenberg.

12 MR. ROSENBERG: But assumably, every single --

13 THE COURT: My guess is they're not going to
14 have any. Do you think they mark up -- they have
15 marketing plans to sell Hybrid mark this and Hybrid mark
16 that?

17 MR. ROSENBERG: I would presume that each buyer
18 for each store who does some type of marketing fund is
19 they don't go in to just purchasing blindly; they're
20 following a plan. That they're making, you know, hundreds
21 of thousands of dollars of orders in some cases. That
22 it's not just -- there's a process behind it.

23 THE COURT: So what is wrong with the plaintiff
24 obtaining those plans if they are indeed for the marks at
25 issue?

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MR. ZARIN: And other advertising material.

THE COURT: Pardon me? What?

MR. ROSENBERG: I can see --

THE COURT: No, Mr. Zarin, what did you just say?

MR. ZARIN: Marketing documents -- not only marketing plans, but advertising material as well. So if for example --

THE COURT: Well put aside advertising, because it may be that they throw a newspaper, as in box; I don't know. If that's the case, that would be more difficult.

MR. ZARIN: But that's important for our case.

MR. ROSENBERG: You may be looking for boxes in warehouses in that case throughout the country. You know, that's the other option. Here's the warehouse; know yourself out.

MR. ZARIN: Well that's another issue, but --

THE COURT: We're going backwards, gentlemen.

MR. ROSENBERG: So if the marketing plans, yes, I can see producing things if the marketing plans specifically relate to Hybrid. But again, does it need to be through all 31 retailers. Again it goes back to proportionality.

THE COURT: Just a moment.

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(Pause in proceeding on the record.)

THE COURT: All right. As I see what we've done, the primary defendants will make a representation as to documents concerning actual confusion for all the marks under oath. I can be from a, obviously, from a client but it has to be under oath. The plaintiff has agreed that the primary defendants have all the relevant sales documents that exist. We've also said that in terms of marketing plans for the specific marks, those can be sought from the retailer defendants. The number of retailer defendants, we'll talk about in a moment. What other categories do we have to go -- deal with, Mr. Zarin?

MR. ZARIN: Well marketing is a general term and does not only include marketing plans, but includes advertising materials, too, which we just mentioned which is important for plaintiffs to ascertain.

THE COURT: All right. Advertising materials, all right? And again, if they're in boxes, then we'll figure out how to approach it. What other categories are there?

MR. ZARIN: Well it's important to know which types of products of defendant's, the primary defendant's products, each of the retailer defendants is selling.

THE COURT: We have that in sales documents.

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2 That you'll get. It'll tell you there are 627 girls tees
3 that I would assume 247 hoodies, black; 829,000 grey.

4 MR. ZARIN: Well the other issue is one of the
5 Polaroid factors is sophistication of consumers. And Mr.
6 Rosenberg just mentioned that there are different
7 hierarchies, different types, of retailers.

8 THE COURT: Yes.

9 MR. ZARIN: And there are different types of
10 consumers who --

11 THE COURT: Yes. Did you ask for studies of
12 customer confusion in your document demands?

13 MR. ZARIN: I did, yes.

14 THE COURT: Pardon me?

15 MR. ZARIN: I did in my document request.

16 THE COURT: All right.

17 MR. ROSENBERG: Your Honor, I think Mr. Zarin
18 was asking --

19 THE COURT: Consumer confusion studies.

20 MR. ROSENBERG: No, not confusion studies. I
21 guess more demographic studies, is that?

22 MR. ZARIN: Demographic studies.

23 MR. ROSENBERG: Yeah.

24 THE COURT: What are those? What are we
25 talking about?

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2 MR. ROSENBERG: Who exactly is each retailer
3 sell it to, whether it's a higher-end customer, lower-end
4 customer, something like that.

5 THE COURT: But are you talking about studies
6 for these, the products bearing these particular marks? I
7 take it that's what you're doing, Mr. Zarin.

8 MR. ZARIN: Well, no, that would be more broad
9 because, you know, well it would be that, but it would
10 also be studies related to who shops at these stores. I
11 mean --

12 THE COURT: Well doesn't Walmart -- I assume, I
13 don't know -- I assume Walmart has either, you know, a
14 staff of 428 people or 67 outside agencies doing that 24
15 hours a day, 365 days a year. Of course I'm making this
16 up but you get the idea. Walmart doesn't say, oh, let's
17 decide to sell T-shirts in Hackensack, New Jersey. I
18 would think, given their success, they base it on
19 extensive and continuous demographic information. And I
20 assume they pull it from, you know, who knows where out of
21 the internet. Do you want that?

22 MR. ZARIN: I would like that, yeah, and maybe
23 if I could just illustrate it.

24 THE COURT: Well you can't -- this case doesn't
25 bear that kind of discovery, one. And Mr. Rosenberg has

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2 hit upon an alternative defense strategy which used to be
3 used when people did paper discovery. And that's, we're
4 giving you the keys to these eight warehouses,
5 congratulations. I mean that's what you're talking about
6 here.

7 MR. ZARIN: Well let --

8 MR. ROSENBERG: The other -- oh, sorry.

9 THE COURT: Go ahead, Mr. Rosenberg.

10 MR. ROSENBERG: I actually had discussions with
11 my client about this, is Hybrid knows who it's selling to.
12 That it has to design apparel at certain price points
13 given the customer base. It has that information. If
14 it's selling to low-end customer it can't sell expensive
15 apparel. It knows who its customer base is and does for
16 each store because that's what it sells, and that's how it
17 prices.

18 So before we go asking the information from the
19 retailers, why don't we start with the primary defendants
20 who likely have most, if not all, of this information.
21 Because you can't run a successful company if you don't
22 know who the ultimate customer is, and they do know,
23 because that's how they operate their business.

24 MR. ZARIN: Well I'm -- I'm --

25 THE COURT: What I want to do is get this

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discovery so that we know where we're going right now rather than have staged discoveries. Because I want to set an end to discovery and I want to set a trial date.

MR. ZARIN: I mean, another important point here I suppose is --

THE COURT: What about the demographic studies that you're talking about, which I call confusion studies? What Mr. Rosenberg is saying is his client should have those because they're the ones who are concerned about who they target. That's what his point is.

MR. ZARIN: My response to that is who they target and might be different from who they actually sell to. And the only people who know who they actually sell to are the retailer defendants. And if I could just do an illustration, I know --

THE COURT: Well if the primary defendants don't know who they're selling to, they're not going to be around for very long.

MR. ZARIN: Maybe not but I don't -- they have projections or expectations as to who they sell to but --

THE COURT: And you're going to get sales figures so you know if they've been met or not, or exceeded.

MR. ZARIN: Right. But I'm not talking about

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2 sales figures. I'm talking about the Polaroid factor of
3 sophistication of consumers. And under that factor, if
4 consumers are more sophisticated, then it's less likely
5 they'll be confused. If they're less sophisticated, it's
6 more likely they'll be confused.

7 And what's important, the facts underlying that
8 which show whether or not under the law a consumer is more
9 or less sophisticated is the price point. So, you know,
10 we need to -- plaintiffs need to know that price that each
11 of these products are being sold to the ultimate consumer.
12 And the retailer defendants are the only ones who have
13 this information. The primary --

14 THE COURT: Is that so, Mr. Rosenberg?

15 MR. ZARIN: The -- the --

16 THE COURT: Is that so? Just a moment. Is
17 that so?

18 MR. ROSENBERG: The answer is I don't know.
19 Although, although, Your Honor, in many situations Hybrid
20 affix the price tag onto the garments before they're even
21 shipped. So there is some price information that my
22 client has.

23 MR. ZARIN: Yes, there's a price information
24 manufactured, you know, suggested retail price, but--

25 MR. ROSENBERG: No, no, no. It's the actual

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2 label that's scanned in at the register.

3 MR. ZARIN: But the retailer itself might very
4 well, and often does, sell those garments or those
5 products at a different price from the one that's on the -
6 - on the ticket --

7 THE COURT: Right. So they can put a slash
8 through their tag and sell it for less.

9 MR. ZARIN: Exactly. Which I'm sure Your Honor
10 is aware of, right. So that information is critical. You
11 know, in discount stores or when something is on sale,
12 products are often sold at a much lower price point, in
13 which case, the consumer's a different consumer. And
14 unless the retailer defendants provide that information,
15 any information related to that that the primary
16 defendants might provide is not relevant, because it's
17 only going to be an expected sale price, and it's going to
18 be the price that they sold the garment to the retailer
19 at, not the price that the retailer sold to the consumer
20 at, which is the important factor here.

21 THE COURT: All right. This is what we're
22 going to do. The primary defendants are going to give
23 that representation as to actual confusion. The primary
24 defendants are going to give the sales information to the
25 plaintiffs. I think that's the only place we have an

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2 agreement, is that right? Is there any agreement on
3 anything else? Marketing plans, you say no. Advertising
4 materials, no. Consumer demographic studies, no. So the
5 primary defendants will do that.

6 I'm going to allow discovery -- you're going to
7 have to narrow these requests -- but I'm going to allow
8 discovery against eight of retailer defendants. The
9 parties will agree on which eight, or if they can't agree,
10 they will each select four. I suggest what you do is, you
11 agree on eight. The broader document demands, but not
12 including actual confusion or sales documents, can go
13 through to the retailer defendants. But again you should
14 be able to narrow down this. And it seems to me that if
15 the four the plaintiff chooses happens to be the four
16 largest ones, it certainly suggests that you are very
17 interested in closing problems for putting pressure on the
18 primary defendants rather than seek, truly seeking,
19 representative discovery.

20 I'm going to -- you should get out the -- talk
21 to each other, agree on the eight retailers within -- well
22 Thanksgiving is coming up -- by December 1. Get your
23 requests out within the next week. You'll have three
24 months for that discovery, November -- December 1, January
25 1, February 1, March 1. Everything but depositions to be